



NEWS RELEASE

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CTHRA Survey Reveals Benefits Costs Rising for Cable Industry, Employee Turnover Still Low

NAPERVILLE, ILL., November 12, 2013—The Cable and Telecommunications Human Resources Association (CTHRA) today released highlights from its recently completed Human Capital Metrics Survey. In this environment of gradual economic recovery, CTHRA’s survey found that benefits costs continue to increase, turnover in the cable industry remains low, and salary and bonus costs are rising.

“CTHRA is on the forefront of collecting and providing useful and meaningful benchmarking information allowing organizations to both better understand their current situation and determine where their energies might best be focused as they grow and evolve. Survey results confirmed that retaining top talent is a critical mission for cable and telecommunications employers,” stated Rebecca Toman, CBP, CCP, GRP, survey project manager at Pearl Meyer & Partners.

Survey Methodology

CTHRA retained Pearl Meyer & Partners (PM&P), an independent compensation consultancy, to conduct its Human Capital Metrics Survey in 2013. Seventeen industry employers participated in the survey: Bright House Networks, Charter Communications, Comcast Cable, Cox Communications, Fidelity Communications, Time Warner Cable, A+E Networks, AMC Networks Inc., C-SPAN, Discovery Communications, ESPN Inc., NBCUniversal, Scripps Networks Interactive, Starz LLC, The Weather Channel, Turner Broadcasting System Inc., and Viacom Inc.

Earlier this year, survey respondents submitted 2012 data on performance metrics in five key areas: workforce productivity, cost management, employee engagement, diversity, and human resources (HR) department productivity. Each participant then received a confidential analysis of the findings detailing its performance against industry peers. Results are directly connected to distinct business models and economics of the two sides of the industry—programmers (cable and broadcast networks) and multiple system operators (MSOs). The survey reports its results separately between the two groups and the different structures are apparent. The MSO survey also had more change in participation which may have skewed year-over-year comparisons.

Workforce Productivity

CTHRA analyzed data on three metrics that gauge workforce productivity: revenue per employee, net income per employee, and salary and bonus as a percentage of revenue. It is difficult to get the full complexity of why productivity measures go up or down in any given year. In addition, changes in participation may exaggerate differences. However, anecdotally, some of the movement year-over-

year in these two metrics may be attributable to the increases in costs that the MSOs are paying to Programmers for the right to distribute the Programmers' content.

Revenue Per Employee	2012	2013	Year-Over-Year Difference
Programmers	\$1,149,600	\$1,491,214	30%
MSOs	\$605,078	\$392,471	-35%
Net Income Per Employee	2012	2013	Year-Over-Year Difference
Programmers	\$450,610	\$523,796	16%
MSOs	\$170,305	\$141,817	-17%

Another valuable productivity measure is Salary and Bonus as a Percent of Revenue. This metric is a ratio that reflects performance on two dimensions — revenue growth or decline and compensation. Data show that percentages declined for programmers, but increased for operators.

Salary & Bonus as a Percentage of Revenue	2012	2013	Year-Over-Year Difference
Programmers	16%	13%	-22%
MSOs	13%	15%	17%

Cost Management

On the cost management front, Average Salary and Bonus Cost Per Employee is substantially higher for programmers, reflecting a significantly different workforce structure and lower prevalence of field service and customer service employees. However, it's important to note that most firms that participated in both the 2013 and 2012 surveys reported an increase in year-over-year average compensation. Within industry groups, average per-employee costs are relatively similar; not unexpected given the focus on ensuring competitive pay.

Salary & Benefit Cost Per Employee	2012	2013	Year-Over-Year Difference
Programmers	\$113,534	\$130,373	15%
MSOs	\$55,125	\$55,328	0%

Benefits Cost Per Employee is generally an area where firms seek to control expenses. The 2013 survey revealed large cost increases for programmers.

"We expect both programmers and operators to watch this metric closely in the future as requirements of the Affordable Care Act roll out," said Pam Williams, CAE, CTHRA's executive director.

Benefit Cost Per Employee	2012	2013	Year-Over-Year Difference
Programmers	\$14,925	\$18,944	27%
MSOs	\$15,348	\$13,421	-13%

Employee Engagement

CTHRA's survey also revealed that employee engagement in the cable industry remains high with average years employed increasing for both programmers and operators. Average Employee Tenure grew to 7.24 years in 2013 for programmers and 10.93 years for MSOs. While the average Voluntary

Turnover Rate for programmers dipped slightly in the 2013 survey, 7.8% vs. 8.0% (2012), most companies that participated in both the 2012 and 2013 surveys experienced an increase. That increase was especially true for MSOs, which saw the rate grow to 11.5% compared to 10.6% in 2012.

Voluntary Turnover Rate	2012	2013	Year-Over-Year Difference
Programmers	8.0%	7.8%	-3%
MSOs	10.6%	11.5%	8%

“If the economy improves, most analysts and firms expect that voluntary turnover will increase absent deliberate effort to avoid such an occurrence. As job options continue to open up, employers will need to pay special attention to employee retention efforts in order to keep the best and brightest within their ranks,” shared Pearl Meyer & Partners’ Toman.

HR Department Productivity

On average, the HR departments within MSOs continue to support more employees than their programming counterparts — 87.9 employees (MSOs) vs. 55.4 employees (programmers). Year-over-year, most survey participants reported declines in their Employee to HR Ratio, which suggests they are increasing their HR investment.

The HR Expense Per Employee metric represents a company’s total investment in HR (for both staff and outside contractors) divided by the company’s total full-time employees (FTEs). Average cost per FTE is higher for programmers \$4,108 vs. \$1,840 for MSOs, which is consistent with the employee-to-HR ratio. Year-over-year results show a modest increase in HR expense per employee for both operators and programmers.

“CTHRA’s Human Capital Metrics Survey provides members with valuable tools for analyzing their investments in human capital assets and assessing HR performance against industry benchmarks,” said CTHRA’s Williams. “With economic recovery potentially spurring even more competition for talent and the implementation of the Affordable Care Act necessitating a closer look at benefits costs and practices, benchmarks provided by CTHRA will be especially useful.”

For more information about CTHRA’s surveys, please visit www.cthra.com/surveys.

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About CTHRA

The Cable and Telecommunications Human Resources Association (CTHRA) is the premier human capital resource for the industry and a growing nonprofit organization with more than 1,600 members spanning 80 companies. CTHRA provides industry-specific benchmarks, information and resources, as well as networking and educational opportunities. Its groundbreaking initiatives include compensation, employee benefits, and human capital metrics surveys, an Annual HR Symposium, roundtables and webinars. For more information, visit www.cthra.com.

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